

Milwaukee County Employees' Retirement System (ERS)
Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Members: Guy Stuller
Dean Roepke
Keith Garland

1. Call to Order:

Guy Stuller called the Audit Committee Meeting to order at 1:00 pm, on 5-8-09, in the 2rd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

2. Roll Call:

	<u>Members Present:</u>	<u>Members Excused:</u>	<u>Others Present</u>
:	Dean Roepke	Keith Garland	Gerald Schroeder
	Guy Stuller		Steve Huff
			Mark Grady

3. Topic: Audit Committee Charter - Discussion

Discussion took place pertaining to the fact that we are not a formal committee and don't have to create a charter. However, the committee did feel it would help define the group and clarify committee's role. It was agreed upon that the charter would be revised as discussed and presented to the Board in May for review. At the June Board meeting, it would be placed on the agenda for approval.

4. Topic: Board Rule Changes - Discussion

Revisions to Board Rule 1013 were discussed as well as a possible Board Rule 1043 regarding beneficiary designations. The issues raised will be discussed further at the next Committee meeting.

5. Topic: Protective Survivorship Option (PSO) – Nila Hoffmann

Nila Hoffmann was an active employee who completed the PSO, naming her two children as beneficiaries and requesting a backdrop, and then passed away. Her estate attorney is now involved. Past practice and interpretation has only allowed one beneficiary to be named for a PSO. Apparently, the form was accepted without any staff noting its discrepancy from past practice. It was pointed out that Ordinance 7.2 clearly states that the Board can allow any other form of benefit, provided it is actuarially equivalent. It is unclear whether allowing multiple beneficiaries in this situation is actuarially neutral to ERS. In addition, multiple beneficiaries could increase County health care costs. The Audit Committee needs to review this issue from a fund perspective. Mark Grady and Steve Huff will address the need for an actuarial analysis and report back to the Committee.

Mark Grady provided his opinion that the ordinances do not allow a backdrop to be requested as a protective survivorship option. The Board cannot act contrary to the Ordinance.

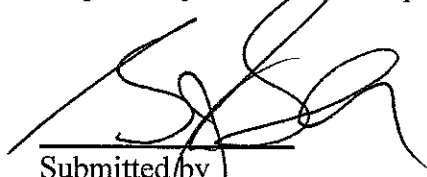
The Audit Committee directed the staff to respond to Hoffman's request based on its past practice and analysis and to inform Hoffman's attorney of the appeal rights.

It was noted that eventually, the PSO form will need to be revised and updated.

6. Topic: Backdrop One -Year Rule - Discussion

The Backdrop one-year rule was discussed from the standpoint of one calendar year verses the equivalent of one service credit year. A part time employee would need to perhaps have two or more years, to meet the requirement. It was recommended that we hold the current case in abeyance for further review next month.

7. Topic: Adjournment 2:30pm



Submitted by
Gerald J. Schroeder
ERS Manager